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The Effects of WTO Accession on China's Agriculture

In this analysis all quantitative assessments are based on scenario analyses undertaken with the Organization for Economic Cooperation and Development (OECD) Aglink model. The update of this analysis includes, among other things, an extension of the analysis to cover the impacts on China's livestock economy, the effects that are arising from the delay in the accession process (one year), as well as a separate impact assessment of the additional liberalization steps agreed upon in the bilateral negotiations between China and the European Union.

While China imports very little meat in general, trade in poultry is a noticeable exception with some significant increases in trade volumes over the past decade. Poultry imports account for about 10 percent of domestic consumption, or 1.2 million metric tons. Almost all imports of poultry meat are transshipped via Hong Kong into the dynamically growing provinces of southern China. A major part of total imports are lower quality cuts (wings and drumsticks) and offal (paws), important ingredients to the traditional Chinese diet. With an import price of about \$800 per metric ton c.i.f.*. Hong Kong, the prices paid for these products are well below the average poultry prices in international markets. Nevertheless, it is one of the most lucrative segments for OECD exporters as importers are paying by far more for the same product as, for instance, the US pet food or rendering industry is prepared to pay.

Increasing demand for low quality cuts have made China a growing net importer of poultry over the 1990s. Trade liberalization will accelerate this trend. Lower tariffs for poultry meat could increase imports by about 20 percent.

* Cost, insurance, and freight

Source: Paper presented at a joint World Bank/MOFTEC workshop on: China's Agriculture and the WTO, Beijing, 12-13 January 2001 by Josef Schmidhuber, Food and Agriculture Organization

U.S. Poultry Meat Exports World Totals, January - August

	World	No. America	FSU	Asia
Quantity (in Metric Tons)				
2000	1,856,772	242,251	591,353	721,807
2001	2,085,020	245,527	815,998	665,002
Value (in Thousand Dollars)				
2000	1,242,014	291,282	277,233	470,651
2001	1,464,948	308,505	464,002	432,611

FSU - Former Soviet Union.

Asia - does not include India, Pakistan, Afghanistan, Sri Lanka or Bangladesh.

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Ukraine Bans U.S. Poultry Imports

Shipments of fresh/frozen poultry, poultry products, poultry offals and mechanically deboned poultry meat that ship after November 10, 2001, will not be allowed entry into the Ukraine. Legal imports of US chicken leg quarters account for about 92 percent of all Ukrainian poultry meat imports. From January through August 2001 Ukraine imported 12,489 metric tons of frozen chicken cuts, mostly leg quarters, with a value of \$6,743,622.

Source: USDA/FSIS/Library of Export Requirements www.fsis.usda.gov/OFO/export/explib.htm and Department of Commerce, US Census Bureau, Foreign Trade Statistics

Results of Doha Meetings on Agriculture

As expected, agriculture remained the toughest nut to crack. At the end of a long week, and an interminable last night, the EU had to accept the unacceptable: included in the comprehensive agricultural negotiation mandate are "reductions of, with a view to phasing out, all forms of export subsidies". Other major features of the agricultural mandate are substantial improvements in market access and substantial reductions in trade-distorting domestic support.

A key demand of developing countries, the creation of a 'development box', remains possible in the course of the post-Doha agriculture talks, as the Ministerial Declaration agrees that "special and differential treatment for developing countries shall be an integral part of the negotiations" to enable developing countries "to effectively take account of their development needs, including food security and development" (para. 13). Modalities for commitments and special and differential treatment will be established by 31 March 2003, i.e. the expiry date of the 'peace clause' that currently shields agricultural subsidies from dispute settlement challenges.

Asian Free Trade-Area

Southeast Asian leaders on 6 November took the first steps towards a larger East Asia trading zone. The objective of the free trade area (FTA) with China is to reduce the region's trade dependence on the US. The endorsement for the FTA proposal comes at a time when Southeast Asia is suffering an economic slowdown due to falling exports to the US. This has led to appeals for closer economic cooperation within Asia. "For us to depend on the US alone as a market for growth for east Asia will be much more difficult in the future, because the US economy is going to slow down," said Goh Chok Tong, Singapore's Prime Minister. South Korea has proposed a wider FTA including Japan. However, Japan has indicated that it is not keen on an east Asia FTA. According to analysts, Japan fears the FTA would increase agriculture imports, angering the nation's powerful farming lobby. The proposed FTA would create a trading bloc of nearly 2 billion people with combined GDP of USD 2,000 billion.

Source: BRIDGES Weekly Trade News Digest, www.ictsd.org

Inspected Egg Products-U.S. & Canada Export/Import Trade**U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending Nov 10, 2001	Year-To-Date			
Type	2001	2000 /1	2001	2000
Liquid	315	150	11,420	6,734
Frozen	0	0	78	198
Dried	40	0	280	503
Total	355	150	11,778	7,435

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending Nov 10, 2001	Year-To-Date			
Type	2001	2000 /1	2001	2000
Liquid	153	47	4,840	4,501
Frozen	23	16	1,414	801
Dried	0	23	492	780
Total	176	86	6,746	6,082

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending Nov 10, 2001	Year-To-Date			
Type	2001	2000 /1	2001	2000
Jumbo	0	0	87	2,161
Extra Large	1,110	950	60,602	45,588
Large	2,620	2,012	120,618	127,587
Medium	900	1,088	40,408	31,845
Ungraded	17,590	2,250	374,040	360,334
Misc	0	750	69,614	10,887
Total	22,220	7,050	665,369	578,402

/1 Comparable Week, to-date figures may not total due to rounding.

Source: USDA/AMS Poultry Programs, Market News Branch in cooperation with Agriculture Canada, Poultry Development Division.

LIVE POULTRY SLTRD UNDER INSPECTION W/E 10-Nov-01
(PRELIMINARY) **U.S. FOWL SLAUGHTERED DOMESTICALLY**

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	1,844	1,431	3,275
LAST WEEK	1,904	1,350	3,254
SAME WEEK YR AGO	2,016	1,530	3,546
TO-DATE/2001	80,516	62,259	142,775
TO-DATE/2000	85,583	65,531	151,114

U.S. FOWL SLAUGHTERED IN CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	148	0	148
LAST WEEK	305	0	305
SAME WEEK YR AGO	326	12	338
TO-DATE/2001	18,602	283	18,885
TO-DATE/2000	20,649	590	21,239

SOURCE: AGRICULTURE CANADA, PLTRY DEVELOPMENT DIV.

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	1,992	1,431	3,423
LAST WEEK	2,209	1,350	3,559
SAME WEEK YR AGO	2,342	1,542	3,884
TO-DATE/2001	99,118	62,542	161,660
TO-DATE/2000	106,232	66,121	172,353

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

16-NOV-2001
CHICKEN — PRICES — VOLUME —
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

— PRICES — VOLUME —
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	12.50	13.00	204,000	-
WTD AVERAGE	12.50	13.00		
15-20%				
RANGE	11.00-15.00	9.00-13.00	1,591,200	652,800
WTD AVERAGE	11.82	10.48		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN,

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

16-NOV-2001
CHICKEN — PRICES — VOLUME —
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN WITH SKIN ADDED — PRICES — VOLUME —
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	14.00-17.00	13.50-17.00	883,000	262,000
WTD AVERAGE	16.17	16.43		
15-20%				
RANGE	12.75-15.50	10.00-14.00	1,593,400	390,000
WTD AVERAGE	14.81	12.15		
20% OR MORE				
RANGE	14.00	-	8,000	-
WTD AVERAGE	14.00	0		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 16 NOVEMBER 2001.

Bulk parts undertone was steady to instances weak on tom drums, wings and necks mostly steady. Domestic demand was light on bulk parts, light to fair on fresh 15-20% mechanically separated turkey, almost non existent on fresh tom breast meat and destrapped tenderloins. Increased market activity was noted on frozen destrapped tenderloins at lower trending price levels. Offerings of bulk parts were generally available. White meat offerings were available with wing meat with skin being held with the most confidence. Export demand and trading was active on tom drums at steady to barely steady prices, light on the balance of items.

FRIDAY, NOVEMBER 16, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	30.00-32.00		30.78	740	30.86	1,872
WINGS FULL-CUT - TOMS		T	38.00	120	38.00	120
WINGS, V-TYPE, TOM	29.00		29.00	104	29.00	104
TAILS		R	32.00	40	29.29	136
MECHANICALLY SEPARATED 2/	13.00		13.00	104	13.51	764
THIGH MEAT - FROZEN	71.00-73.00		72.14	276	72.09	848

THURSDAY, NOVEMBER 15, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	27.50-30.00		28.19	144
WINGS FULL-CUT - TOMS		T	38.00	120
WINGS, V-TYPE, TOM		F	29.00	104
TAILS	32.00		32.00	40
MECHANICALLY SEPARATED 2/	12.00		12.00	52
THIGH MEAT - FROZEN	73.00		73.00	80

WEDNESDAY, NOVEMBER 14, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	27.00-32.00		30.50	468
WINGS FULL-CUT - TOMS		T	38.00	120
WINGS, V-TYPE, TOM		F	29.00	104
TAILS	29.00		29.00	56
MECHANICALLY SEPARATED 2/	13.00-14.50		13.63	448
THIGH MEAT - FROZEN	71.00-72.50		72.10	412

TUESDAY, NOVEMBER 13, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	30.00-33.50		32.05	520
WINGS FULL-CUT - TOMS	38.00		38.00	120
WINGS, V-TYPE, TOM		F	29.00	104
TAILS	27.00		27.00	40
MECHANICALLY SEPARATED 2/	14.00		14.00	160
THIGH MEAT - FROZEN	71.00		71.00	80

MONDAY, NOVEMBER 12, 2001**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
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*****NOTICE*****
VETERANS DAY HOLIDAY
NO EXPORT TRADING REPORTED

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
 2/ Product contains 15-20% fat with skin added.

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